

023277 Q-30172 D92-2269
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

Form 10-Q

(Mark One)

☒ [X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the quarter ended April 30, 1992

OR

☐ [] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File No. 0-17384

Boston Technology, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

04-3073385

(IRS Employer
Identification Number)

PROCESSED BY

JUN 12 1992

100 Quannapowitt Parkway
Wakefield, Massachusetts
(Address of principal executive offices)

01880
(Zip code)

Microfilmed by
Q-Data Corp. - St. Petersburg, FL

Registrant's telephone number, including area code: (617) 246-9000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for at least the past 90 days.

Yes ☒ No ☐

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class of Securities

Common Stock, \$0.01 par value

Shares Outstanding
(as of June 9, 1992)

22,668,139

Total Number of Pages: 9

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PART I

BOSTON TECHNOLOGY, INC.

CONSOLIDATED BALANCE SHEETS

(UNAUDITED)

	April 30, 1992	January 31, 1992
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 8,676,000	\$ 6,319,000
Short-term investments	1,612,000	-
Accounts receivable less allowance for doubtful accounts of \$719,000 and \$700,000, at April 30, 1992 and January 31, 1992, respectively	6,194,000	9,656,000
Income tax receivable	843,000	843,000
Net investment in sales type leases	678,000	651,000
Inventories	3,337,000	3,623,000
Prepaid expenses	<u>584,000</u>	<u>514,000</u>
Total current assets	21,924,000	21,606,000
Net investment in sales type leases	3,298,000	3,530,000
Property and equipment, net	5,874,000	6,230,000
Other assets	<u>832,000</u>	<u>865,000</u>
TOTAL ASSETS	<u>\$ 31,928,000</u>	<u>\$ 32,281,000</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	164,000	143,000
Accounts payable	1,950,000	2,051,000
Accrued expenses	2,978,000	2,825,000
Deferred revenues	649,000	1,402,000
Income taxes payable	<u>90,000</u>	<u>-</u>
Total current liabilities	5,831,000	6,421,000
Long-term debt	328,000	343,000
Deferred rent payable	530,000	588,000
Stockholders' equity:		
Common stock, \$.001 par value, 35,000,000 shares authorized; 22,645,839 and 22,583,949 shares issued and outstanding at April 30, 1992 and January 31, 1992, respectively	23,000	23,000
Additional paid-in capital	26,097,000	25,928,000
Retained deficit	<u>(871,000)</u>	<u>(1,022,000)</u>
Total stockholders' equity	25,249,000	24,929,000
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 31,928,000</u>	<u>\$ 32,281,000</u>

The accompanying notes are an integral part of the consolidated financial statements.

BOSTON TECHNOLOGY, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

(UNAUDITED)

	<u>Three months ended April 30</u>	
	<u>1992</u>	<u>1991</u>
Revenues	\$ 9,042,000	\$ 11,273,000
Cost and expenses:		
Cost of revenues	3,040,000	4,703,000
Research and development	2,112,000	2,496,000
Marketing, general and administrative	<u>3,733,000</u>	<u>3,390,000</u>
	8,885,000	10,589,000
Income from operations	157,000	684,000
Interest income	87,730	280,000
Interest expense	<u>(33,000)</u>	<u>(38,000)</u>
	<u>54,000</u>	<u>242,000</u>
Income before provision for income taxes	211,000	926,000
Provision for income taxes	<u>60,000</u>	<u>281,000</u>
Net income	\$ <u>151,000</u>	\$ <u>645,000</u>
Net income per share	\$ <u>0.01</u>	\$ <u>0.03</u>
Weighted average number of common and common equivalent shares outstanding	22,956,000	22,864,000

The accompanying notes are an integral part of the consolidated financial statements.

BOSTON TECHNOLOGY, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)

	For the three months ended April 30,	
	1992	1991
Cash flows from (used by) operating activities	\$ 3,892,000	\$ (2,663,000)
Cash flows from (used by) investing activities:		
Purchase of investments	(1,512,000)	(2,985,000)
Purchase of property and equipment	(155,000)	(1,288,000)
Payment for license agreements	—	(65,000)
Cash flows used by investing activities	(1,667,000)	(4,338,000)
Cash flows from (used by) financing activities:		
Principal payments under financing obligations	(37,000)	(57,000)
Proceeds from common stock options exercised	48,000	30,000
Proceeds from employee stock purchase plan	121,000	66,000
Cash flows from financing activities	132,000	39,000
Net increase (decrease) in cash and cash equivalents	2,357,000	(6,962,000)
Cash and cash equivalents at beginning of period	6,319,000	15,940,000
Cash and cash equivalents at end of period	\$ 8,676,000	\$ 8,978,000
Supplemental disclosures of cash flow information:		
Interest paid	\$ 17,000	\$ 23,000
Income taxes paid	16,000	894,000
Supplemental disclosures of non-cash financing activities:		
Assets acquired and obligations incurred under capital lease transactions	43,000	—

The accompanying notes are an integral part of the consolidated financial statements.

BOSTON TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements of Boston Technology, Inc. (the "Company") have been prepared in accordance with generally accepted accounting principles for interim financial information and pursuant to the instructions to Form 10-Q. Accordingly, the consolidated financial statements do not include all information and footnote disclosures required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments consisting of normal recurring accruals necessary for a fair presentation of the consolidated results of operations and consolidated condensed statements of cash flows for the three months ended April 30, 1992 and 1991 and the consolidated balance sheet at April 30, 1992 have been made.

It is suggested that the financial statements contained herein be read in conjunction with the consolidated financial statements and notes thereto included in the Company's Annual Report for the year ended January 31, 1992.

The results for interim periods are not necessarily indicative of the results for the full fiscal year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments

Investments that mature ninety-one days to twelve months from the date of purchase are classified as short-term investments, and investments with maturities of greater than twelve months are included in other assets. At April 30, 1992, short-term investments are comprised of certificates of deposits and U.S. government obligations, and approximately \$410,000 of U.S. government obligations are included in other assets. Investments are stated at cost, which approximates market value, and interest is recognized on an accrual basis.

Revenue Recognition

Revenue on application software development contracts is recognized when contract objectives are achieved.

3. INVENTORIES

Inventories at April 30, 1992 consist of:

Materials and purchased parts	\$ 1,490,000
Work in process	1,408,000
Finished goods	<u>429,000</u>
	\$ 3,327,000

ITEM 2. *Management's Discussion and Analysis of Financial Condition and Results of Operations*

1. *Material Changes in Financial Condition*

Aggregate cash, cash equivalent and investments increased by \$3,866,000 to \$10,698,000 at April 30, 1992 as compared to \$6,832,000 at January 31, 1992. This increase was due primarily to a decrease in accounts receivable over the same period, resulting from a greater concentration of shipments early in the quarter ended April 30, 1992, which allowed for collection prior to the end of the quarter. The Company anticipates that its cash, cash equivalents and investments along with cash generated from operations and existing credit facilities will be sufficient to meet the Company's cash requirements at least through January 31, 1993.

2. *Material Changes in the Results of Operations*

During the three months ended April 30, 1992, the Company recorded revenues of \$9,042,000 compared to \$11,273,000 during the corresponding period of fiscal 1992. The decline in revenues for the three months ended April 30, 1992 was due to decreased orders from the telephone company market. The Company believes this reduction in sales volumes was primarily the result of extended procurement approval processes by the Company's customers.

Although revenues decreased by 20% for the three months ended April 30, 1992 from the corresponding quarter in fiscal 1992, the Company's gross margin as a percentage of revenues increased to approximately 66% as compared to approximately 58% for the corresponding three month period in fiscal year 1992. Favorable product mix resulted in the proportionately lower percentage of cost of revenues. The Company's margins are also affected by customer mix and systems configuration.

Research and development expenses were \$2,112,000 for the three months ended April 30, 1992, as compared to \$2,496,000 for the corresponding period in fiscal year 1992, or a decrease of \$384,000. This decrease resulted from a reduction in research and development staff as part of the Company's reorganization in fiscal year 1992. As a percentage of revenues however, research and development expenses increased slightly to 23% for the three months ended April 30, 1992, versus 22% for the corresponding period in fiscal year 1992, due primarily to a decrease in revenues during such period. This percentage increase overshadowed savings resulting from the Company's reductions in research and development staff levels as described above. As compared to the corresponding periods during fiscal year 1992, the Company expects research and development expenses to decline both in absolute numbers and as a percentage of revenue during the remainder of fiscal year ending January 31, 1993. Research and development expenses are incurred in advance of related revenues and in some cases will not generate revenues.

During the three months ended April 30, 1992, marketing, general and administrative expenses were \$3,733,000, as compared to \$3,390,000 in the corresponding period of fiscal year 1992. The increase in expenses in this area was primarily the result of several key appointments to the Company's senior management team, including the staffing and implementation of proposal and program management functions.

Net interest income for the three months ended April 30, 1992 was \$54,000 as compared to \$242,000 for the comparable period in fiscal 1992. The decline in interest income for the three months ended April 30, 1992 as compared to the corresponding period in fiscal year 1992 was attributable to lower average cash balances and lower investment yields.

PART II.

ITEM 1. *Legal Proceedings*

Not applicable.

ITEM 2. *Changes in Securities*

On May 13, 1992, the Board of Directors adopted, subject to stockholder approval, an amendment increasing the number of shares of Common Stock available for issuance under the 1989 Incentive Stock Option Plan (the "Plan"), as amended, from 2,400,000 to 3,500,000. This increase represents the Company's best estimate for the number of shares that will be needed through January 31, 1994 for the recruitment and retention of key employees. The Board of Directors also adopted, subject to shareholder approval, an amendment to the Plan authorizing the issuance of non-statutory options (in addition to incentive stock options) under the Plan.

ITEM 3. *Defaults upon Senior Securities*

Not applicable.

ITEM 4. *Submission of Matters to a Vote of Security Holders*

Not applicable.

ITEM 5. *Other Information*

Not applicable.

ITEM 6. *Exhibits and Reports on Form 8-K*

(a) Exhibits

None.

(b) Reports on Form 8-K

None.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

Boston Technology, Inc.

Date: June 10, 1992

By: _____

David S. Gergacz
President and Chief Operating Officer
(principal executive officer)

By: _____

William J. Burke
Vice President of Finance, Chief
Financial Officer, Treasurer and
Secretary (principal financial officer)